

Decision 02-04-046 April 22, 2002

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Investigation on the Commission's own motion into the operations, practices, and conduct of Starving Students, Inc. (Cal T-116,476), and Ethan Margalith, Abigail Margalith, Elizabeth Margalith and Sanford Margalith.

Investigation 02-02-005  
(Filed February 7, 2002)

**OPINION DISMISSING RESPONDENTS  
ABIGAIL MARGALITH, ELIZABETH MARGALITH  
AND SANFORD MARGALITH**

This decision grants the motion (filed March 4, 2002) by three of the respondents, namely, Abigail Margalith, Elizabeth Margalith and Sanford Margalith, to dismiss this investigation as to them. These respondents have shown they do not have a current ownership interest in Starving Students, Inc. (Starving Students), and our Consumer Services Division (CSD) has ensured by stipulation (which we adopt) that any future interest will be strictly limited to exercising existing stock options.

**I. Background**

Respondents filed a motion to dismiss and requested an expedited emergency hearing. Declarations were attached to the motion that stated respondents had not been stockholders or shareholders in or employees, officers, or directors of Starving Students for the past 14 years. The declarations also stated that respondents had not had any connection or involvement in the management or operations of Starving Students for the past 19 years.

Respondents each have an option to purchase 166 shares of Starving Students stock for \$1 per share in the event of an initial public offering or sale of the corporation. The option provided that respondents were not to be deemed shareholders unless and until the option was exercised and paid for. Respondent Abigail Margalith operated under license a separate and independent moving company called Starving Students of San Diego from 1983 to 2000. In a previous investigation of Starving Students, the Commission's Transportation Division Director concluded that Starving Students of San Diego was locally owned and operated and had not generated any complaints with the Commission. Since 2000, Abigail Margalith has owned and operated PeopleMovers.

CSD filed a response in support of respondents' motion to dismiss. CSD and respondents entered into stipulations in which respondents have agreed not to enter into any business arrangements with Starving Students, not to take any financial interest in Starving Students, not to hold any position with Starving Students, and not to employ respondent Ethan Margalith in any position related to the provision of household goods carrier services. Respondent Abigail Margalith also has agreed not to purchase any of Starving Students' household goods carrier equipment or assets in the future.

CSD states the stipulations resolve the issues in this investigation with respect to respondents. CSD named respondents in this investigation, because Starving Students reported in a data request response that respondents each owned a 16 2/3% interest in Starving Students. With the stipulations, the public interest is served because respondents reaffirm their declarations that they have had no involvement with Starving Students during the past 14 years and have agreed not to be involved with, or operate, control, direct or have any interest in Starving Students in the future. CSD also notes that dismissing respondents will

simplify this case, conserve judicial resources, relieve respondents from the burden of going forward, and ensure the public is safeguarded.

Respondents seek an order of dismissal that will remove respondents from the caption and pages 2 through 16 of the order instituting investigation (OII). Respondents further request that the Commission issue a press release indicating that it has determined that respondents have no ownership interest or involvement in the operations or management of Starving Students. CSD takes no position on these requests.

## **II. Discussion**

It is reasonable to dismiss respondents from this investigation. Respondents were named, because Starving Students stated respondents had a current ownership interest. The declarations submitted and CSD's further investigation establish that the 16 2/3% option is only a future interest for Elizabeth and Abigail Margalith; Sanford Margalith relinquished his option rights. Respondents do not have a current ownership interest, and the stipulations entered into between CSD and respondents ensure any future interest will be strictly limited.

The stipulations permit Elizabeth and Abigail Margalith to exercise their stock options but curtail any future interest of respondents in Starving Students. By stipulation respondent Abigail Margalith cannot enter into any business arrangement with Starving Students or purchase any of its assets. The conditions included in the stipulation affirm that the household goods carrier violations raised in this investigation do not and will not in the future apply to respondents. Because the stipulations resolve all outstanding issues with respect to respondents, it is reasonable to dismiss them from this proceeding. Starving Students and Ethan Margalith remain as respondents.

Respondents' names should be removed from the caption of this proceeding upon the effective date of this decision or as soon thereafter as is practicable. Future rulings or decisions accurately will reflect the scope of this investigation and will avoid any confusion or business disadvantage as to its scope. To completely expunge respondents' names from the OII, both its caption and references on pages 2 and 16, would require closing this investigation and reissuing the OII. That procedure would be administratively inefficient. It also appears unnecessary since the harm (if any) that has occurred is in the past. We decline to order that our Press Office issue a specific press release. Our Press Office routinely reviews all of our decisions and determines whether releases are warranted.

This is an uncontested matter in which the decision grants the substance of the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Findings of Fact**

1. Abigail Margalith, Elizabeth Margalith and Sanford Margalith filed Declarations that stated they had not been stockholders or shareholders in or employees, officers, or directors of Starving Students, Inc. for the past 14 years and had not had any connection or involvement in the management or operations of Starving Students for the past 19 years.

2. The Commission's Consumer Services Division and Abigail Margalith, Elizabeth Margalith and Sanford Margalith entered into stipulations in which those respondents have agreed not to enter into any business arrangements with Starving Students, Inc. not to take any financial interest in Starving Students, not to hold any position with Starving Students, and not to employ respondent

Ethan Margalith in any position related to the provision of household goods carrier services.

3. Abigail Margalith has stipulated not to purchase any of Starving Students' household goods carrier equipment or assets in the future.

**Conclusions of Law**

1. Because the stipulations resolve all outstanding issues with respect to Abigail Margalith, Elizabeth Margalith, and Sanford Margalith, it is reasonable to dismiss them from this proceeding.

2. To resolve the status of the three respondents named in Conclusion of Law 1, this order should be made effective immediately.

**O R D E R**

**IT IS ORDERED** that:

1. The stipulations set forth in the foregoing Findings of Fact and Conclusions of Law are adopted, and based on these stipulations, Abigail Margalith, Elizabeth Margalith, and Sanford Margalith are dismissed as respondents to this proceeding and their names shall be removed from the caption of this investigation.

2. The caption of Investigation 02-02-005 is henceforth modified to read as follows:

Investigation of the Commission's own motion into the operations, practices, and conduct of Starving Students, Inc. (Cal T-116,476), and Ethan Margalith.

3. This order is effective today.

Dated April 22, 2002, at San Francisco, California.

LORETTA M. LYNCH  
President

HENRY M. DUQUE  
CARL W. WOOD  
GEOFFREY F. BROWN  
MICHAEL R. PEEVEY  
Commissioners